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UNCLAS BRATISLAVA 001001

SIPDIS

DEPT FOR EB/IFD/OMA TFORSYTH, NEA/I LBYERGO  
PARIS FOR VAN MAERSEN  
TREASURY FOR ANTHONY MARCUS

E.O. 12958: N/A

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SUBJECT: SLOVAKIA FORGIVES 100 PERCENT OF IRAQI DEBT

REF: SECSTATE 222090

1. (SBU) The Slovak cabinet decided December 21 to forgive 100 percent of Iraq's outstanding debt by December 31, 2005. Total debt as of October 31 was approximately USD 145 million. According to a Ministry of Finance source involved in the discussions, the GOS determined that the administrative costs of the Paris Club arrangement exceeded the relatively small stream of repayment income that the GOS would receive over 30 years on the remaining 20 percent of the debt.

2. Slovakia had originally considered a proposal to offer Iraq terms that would have fallen short of the Paris Club arrangement. Ambassador raised reftel concerns with the Minister of Finance and top officials in the Ministry of Foreign Affairs prior to last week's cabinet meeting (12/15), and received assurances that Slovakia would follow the Paris Club arrangement. Post followed up with officials from both ministries after the government put off taking a decision last week.

3. The translated text of the GOS communique issued after today's cabinet meeting is as follows:

Begin text: In harmony with the existing line of support of the Slovak Government for the international coalition led by the U.S. as well as the democratization process in Iraq, it's necessary to amend the political will with practical steps in individual areas and to create space for active participation in the post-war rebuilding of Iraq, thus creating favorable conditions for the restoration of bilateral economic and cultural cooperation between Iraq and the Slovak Republic. This step by the Slovak Republic is a gesture of support for the efforts of the Iraqi people and a precondition for not only successful implementation of projects of economic and social resoration, but also for future political, economic, military and cultural cooperation. In respect to the above, the Ministry of Finance recommends forgiving the total amount of the Iraq's special debt. End Text.

SILVERMAN

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